



UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, D.C. 20230

May 14, 1999

MEMORANDUM FOR: OIG Employees

FROM: *Denise A. Yaag*
 Denise A. Yaag
 Director
 Human Resources Management Division

SUBJECT: Thrift Savings Plan (TSP) Open Season

The Spring 1999 TSP open season begins May 15, 1999 and ends on July 31, 1999. During this period, employees may elect to begin contributing to the TSP, change the amount of contributions, or reallocate contributions among the three investment funds. Employees may invest all or any portion of their contributions in any of the three TSP investment funds: the Government Securities (G) Fund, the Common Stock Index (C) Fund, and the Fixed Income (F) Fund.

Who is eligible. All FERS and CSRS employees are eligible to participate in the TSP. If you are a newly hired employee, you cannot begin contributing to the TSP until the second open season following your coverage by FERS.

Employees who stop contributing to the TSP during an open season must wait until the following open season to restart contributions. If contributions are stopped between open seasons, employees must wait until the second open season to begin contributing again.

How the investment opportunity affects FERS employees. If you are a FERS employee, you receive an automatic contribution of 1 percent of your basic pay from the agency each pay period, as soon as you become eligible to participate in the TSP. You may contribute up to 10 percent of your basic pay each pay period, as long as your annual total does not exceed the 1999 IRS limit of \$10,000. Based upon the amount of your contribution, you receive agency matching contributions of up to 5 percent of your basic pay each pay period - dollar for dollar on the first 3 percent you contribute and 50 cents on the dollar for the next 2 percent.

If you are not making an employee contribution, you may still make a TSP election to invest all or any portion of your agency automatic 1 percent contribution in any of the investment funds. If you do not make an election, the 1 percent agency contribution is automatically invested in the G Fund. Employees must submit a TSP-1 for investing in the C and F Fund to acknowledge the risk. Employees must submit TSP-1 to the Human Resources Management Division, room 7713.

If you are a CSRS employee, you may contribute up to 5 percent of your basic pay each pay period, but you do not receive any agency automatic or matching contributions.

How to make an open season election. To make an open season election, you must use Employee Express if you have already made a past election via a TSP-1 form. If you have not done so, submit a completed TSP-1 form to the Human Resources Management Division, Room 7713, HCHB.

When open season elections become effective. The earliest effective date for Spring 1999 TSP open season changes is July 4, 1999. If you submit a TSP-1 or use Employee Express on or after July 4, it will be effective the first day of the pay period following acceptance of the form. For the Spring 1999 open season, an election cannot be made after July 31, 1999.

Borrowing and Withdrawing Your TSP Account. You may now withdraw from your TSP account while you are still employed by the federal government. There are two types of in-service withdrawals. Participants who are age 59 ½ or older can make a one-time *age-based withdrawal* of all or a portion of their vested account balances. Participants, regardless of age, who can demonstrate financial hardship may make a *financial hardship withdrawal* of their own contributions and the earnings on their contributions (up to the amount of the documented hardship). After a participant makes a financial hardship withdrawal, he or she cannot make contributions to the TSP, or make another financial hardship withdrawal, for a period of six months.

It is important to note that when you make an in-service withdrawal from your TSP account, you permanently deplete your retirement savings of the withdrawn amount and any future earnings that you would have earned on that amount. In addition, you cannot return or repay the money to your account, or convert your withdrawal to a loan. You may also borrow from your own contributions and the earnings on them for certain purposes specified by law. You may access the TSP Internet Home Page at www.tsp.gov for summary plan, loan, In-service withdrawals booklets and current information. You may also use the computer in the Information Center in Room 7089, if you do not have Internet access at your desk.

You should review the earnings and leave statements that you receive from NFC each pay period and your TSP Participant Statements to ensure that the OIG provides NFC with correct and up-to-date information about you and your contributions.

Please refer to the Thrift Savings Plan Web site for forms and publications at www.tsp.gov/.

If you have any questions about the TSP program or this memo, please contact your servicing Personnel Specialist at (202) 482-4948.